

April 1, 2015

FILED VIA ECFS

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW, Room TW-A325
Washington, DC 20554

**Re: PR Wireless, Inc.
Lifeline Biennial Audit
Independent Accountant's Report on Applying Agreed-Upon Procedure
WC Docket No. 11-42**

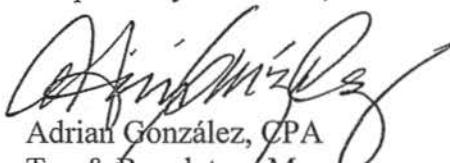
Dear Ms. Dortch:

On March 30, 2015, pursuant to paragraphs 9 and 15(c) of the FCC's General Standard Procedures for the Lifeline Biennial Audit, PR Wireless, Inc. submitted via email the final Independent Accountant's Report on Applying Agreed-Upon Procedures for the year ended December 31, 2013 to: (1) Charles Tyler of the Telecommunications Access Policy Division, (2) Thomas Buckley of the Office of the Managing Director, (3) Karen Majcher of the Universal Service Administrative Company; and (4) Anita Patankar-Stoll of the FCC.

PR Wireless, Inc. has since been advised to also file the report in WC Docket 11-42. Accordingly, please see the attached report.

Please do not hesitate to contact me if you have any questions at 787.554.6736 ext. 1012.

Respectfully submitted,


Adrian González, CPA
Tax & Regulatory Manager

Enclosures



Kevane

Grant Thornton

Independent Accountants' Report
On Applying Agreed-Upon Procedures

PR Wireless, Inc.

January 2, 2015

**Independent Accountants' Report
On Applying Agreed-Upon Procedures**

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To the Managements of PR Wireless, Inc., the Universal Service Administrative Company (USAC), and the Federal Communications Commission (FCC or Commission):

We have performed the procedures enumerated in Attachment A, which were agreed to by the FCC's Wireline Competition Bureau (Bureau) and Office of Managing Director (OMD) in the Lifeline Biennial Audit Plan or as otherwise directed by the Bureau,¹ solely to assist you in evaluating **PR Wireless, Inc.'s** compliance with certain regulations and orders governing the Low Income Support Mechanism (also known as the Lifeline Program) of the Universal Service Fund, set forth in 47 C.F.R. Part 54, as well as other program requirements, including any state-mandated Lifeline requirements (collectively, the Rules) detailed in the Lifeline Biennial Audit Plan for the calendar year ended December 31, 2013. PR Wireless, Inc.'s management is responsible for compliance with the Rules. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the Generally Accepted Government Auditing Standards (GAGAS) issued by the Government Accountability Office (2011 Revision).² The sufficiency of these procedures is solely the responsibility of the Bureau and OMD. Consequently, we make no representation regarding the sufficiency of the procedures described in Attachment A either for the purpose for which this report has been requested or for any other purpose.

Specific procedures and related results are enumerated in Attachment A to this report. In compliance with the Lifeline Biennial Audit Plan, this report does not contain any personally identifiable information or individually identifiable customer proprietary network information.³

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on PR Wireless, Inc.'s compliance with the Rules. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

¹ See *Wireline Competition Bureau Announces Release of Final Lifeline Biennial Audit Plan*, WC Docket No. 11-42, Public Notice, DA 14-450 (rel. Apr. 2, 2014).

² See U.S. Government Accountability Office, *Government Auditing Standards*, GAO 12-331G (rev. Dec. 2011).

³ See 18 U.S.C. § 1028(d)(7) (definition of means of identification) and 47 U.S.C. § 222(h)(1) (definition of customer proprietary network information).

This report is intended solely for the information and use of the managements of PR Wireless, Inc., USAC, and the FCC, and is not intended to be and should not be used by anyone other than these specified parties. This report becomes a matter of the public record upon filing of the final report with the FCC. The final report is not confidential.

Kevane Grant Thornton LLP
January 2, 2015

Kevane Grant Thornton LLP



Attachment A enumerates the agreed-upon procedures for PR Wireless, Inc., the associated results, and any management responses obtained in relation to the exceptions identified.

Objective I: Carrier Obligation to Offer Lifeline

Procedure 1

We inquired of management on October 31, 2014 and obtained the carrier's policies and procedures in response to Item 4 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan for offering Lifeline service to qualifying low-income consumers.

We examined the carrier's policies and procedures, and compared those policies and procedures, as well as management's responses to the inquiries, to the Commission's Lifeline rules set forth in Appendix F of the Lifeline Biennial Audit Plan.

We noted no discrepancies between the carrier's policies and procedures, management's responses to the inquiries, and the Commission's Lifeline rules.

No exceptions noted.

Procedure 2

We inspected 10 examples of carrier marketing materials describing the Lifeline service (i.e., print, audio, video and web materials used to describe or enroll in the Lifeline service offering, including standard scripts used when enrolling new subscribers, application and certification forms), as provided in response to Items 4, 6 and 7 of Appendix A of the Lifeline Biennial Audit Plan.

We noted the inspected marketing materials contained the required information, with the exception of the following:

- One print advertisement material omitted the disclosure that the service is non-transferable.

There is no monetary effect associated with this finding.

Beneficiary Response:

Open Mobile has established the necessary procedures to avoid the omission of required disclosures in its marketing materials. Specifically, before release of lifeline marketing materials, the Legal & Regulatory Department reviews the proposed marketing materials to ensure they comply with the disclosure requirements set forth in 47 C.F.R 54.405(c) of the Commission's rules and regulations, including the statement that Lifeline benefits are not transferable.

Procedure 3

We randomly selected 10 recorded calls out of the 50 recorded calls, servicing the ETC's Lifeline subscribers, as provided in response to Item 8, Appendix A of the Lifeline Biennial Audit Plan.

No exceptions noted.

Procedure 4

We inspected the ETC's policy and procedures for de-enrollment where the ETC has information indicating that a Lifeline subscriber no longer meets the criteria to be considered a qualifying low-income consumer under 47 C.F.R. §54.409, as provided in response to Item 4 of Appendix A of the Lifeline Biennial Audit Plan.

We inspected the carrier's policy and procedures for de-enrolling subscribers that are receiving Lifeline service from another ETC or where more than one member of a subscriber's household is receiving Lifeline service (duplicative support).

We reviewed the carrier's policy and procedures for de-enrolling a Lifeline subscriber that does not respond to the carrier's attempts to obtain re-certification, as part of the annual eligibility re-certification process. For subscribers identified in Item 9.i, j and m of Appendix A of the Lifeline Biennial Audit Plan, we selected a random sample of 30 and requested copies of the notice of impending de-enrollment letters and all other communications sent to the subscribers involving recertification and performed the following:

- a) Inspected the sampled notice of impending de-enrollment letters and any other communications sent to the subscriber regarding re-certification to verify if the communications explain that the subscriber has 30 days following the date of the notice of impending de-enrollment letter to demonstrate continued eligibility or that the carrier will terminate the subscriber's Lifeline service.
- b) Reviewed the de-enrollment letters, and other forms of communications, and the carrier's responses to the background questionnaire and verify through observation that the de-enrollment letters, if that form of communication was used, were sent by a method separate from the subscriber's bill (if a customer receives a bill from the carrier).
- c) Obtained a random sample of at least 5 examples of the impending de-enrollment letters.

No exceptions noted.

Objective II: Consumer Qualification for Lifeline. To determine if the ETC has procedures in place to limit Lifeline service to qualifying low-income consumers and ensure that Lifeline service is limited to a single subscription per household.

Procedure 1

We inquired management and obtain carrier policies and procedures for limiting Lifeline support to a single subscription per household as provided by the carrier in response to Item 4, Appendix A of the Lifeline Biennial Audit Plan. We examined the policies and procedures and compared management responses and carrier policies and procedures with the Commission's Lifeline rules set forth in 54.409(c) (Appendix F of the Lifeline Biennial Audit Plan).

No exceptions noted.

Procedure 2

We reviewed procedures the carrier has in place to ensure it has accurately completed the FCC Form 497.

No exceptions noted.

Procedure 3

We obtained the Subscriber List in response to Item 1 of Appendix A of the Lifeline Biennial Audit Plan and obtained the carrier's FCC Form 497 for the selected month (June 2013). We examined the number of subscribers claimed on the Form 497. We compared the number of subscribers reported on the Form 497 to the number of subscribers contained on the Subscriber List.

No exceptions noted.

Procedure 4

Using computer-assisted audit techniques, examine the Subscriber List to identify if there were any duplicate addresses with different subscribers. A total of 297 duplicate addresses were identified, resulting in most cases due to the Puerto Rico nonstandard addressing system. We created a list reflecting these results.

No exceptions noted.

Procedure 5

From the list completed in Procedure #4 above, we randomly selected up to 30 subscribers from the list and request copies from the ETC of the one-per-household certification form for each of the selected subscribers. We verified that the selected subscribers certified to only receiving one Lifeline-supported service in his/her household using the one-per household worksheet.

No exceptions noted.

OBJECTIVE III: Subscriber Eligibility Determination and Certification. To determine if the ETC implemented policies and procedures for ensuring that their Lifeline subscribers are eligible to receive Lifeline services.

Procedure 1

We inquired management and obtained carrier policies and procedures for ensuring that its Lifeline subscribers are eligible to receive Lifeline services as provided by the carrier in response to Item 4, Appendix A of the Lifeline Biennial Audit Plan. We examine the policies and procedures and compared management responses and carrier policies and procedures with the Commission's Lifeline rules set forth in section 54.410 (Appendix F of the Lifeline Biennial Audit Plan).

- a) We inspected the ETC's policies and looked for evidence as to whether it includes a policy that the ETC does not retain copies of subscribers' proof of income- or program-based eligibility.
- b) We inspected the ETC's policies and look for evidence as to whether it includes a policy or procedure that the ETC must fully verify the eligibility of each low-income consumer prior to providing Lifeline service to that consumer, and that the ETC or its agents may not provide the consumer with an activated device intended to enable access to Lifeline service until that consumer's eligibility is fully verified and all other necessary enrollment steps have been completed.

No exceptions noted.

Procedure 2

We examined the ETC's policies and procedures for training employees and agents for ensuring that the ETC's Lifeline subscribers are eligible to receive Lifeline services, including any policies regarding how the company ensures employees and agents have completed the training.

No exceptions noted.

The Company does not participate of the National Lifeline Accountability Database ("NLAD"). Instead, the Company submits applicant information to a dedicated database established by the Telecommunications Regulatory Board ("TRB") which checks for duplicate subscribers or addresses and assigns a unique control code to each subscriber who passes the duplicate check.

Procedure 3

We randomly selected 100 subscribers from the Subscriber List and for the first 50 of the sampled subscribers, we performed the test described below, for each of the subscriber's certification and recertification forms. The test was performed for the first 50 sampled subscribers (no error rate higher than 5 percent was not found; therefore, procedures were not necessary to be applied to remaining population of 50 subscribers).

- a) We examined the subscriber certification forms, if any, to verify the forms contain the following information:
 - i. Lifeline is a federal benefit and that willfully making false statements to obtain the benefit can result in fines, imprisonment, de-enrollment or being barred from the program;
 - ii. Only one Lifeline service is available per household;
 - iii. A household is defined, for purposes of the Lifeline program, as any individual or group of individuals who live together at the same address and share income and expenses;
 - iv. A household is not permitted to receive Lifeline benefits from multiple providers;
 - v. Violation of the one-per-household limitation constitutes a violation of the Commission's rules and will result in the subscriber's de-enrollment from the program;
 - vi. Lifeline is a non-transferable benefit and the subscriber may not transfer his or her benefit to any other person;
 - vii. Require each prospective subscriber to provide the following information:
 - 1. The subscriber's full name;
 - 2. The subscriber's full residential address;
 - 3. Whether the subscriber's residential address is permanent or temporary,
 - 4. The subscriber's billing address, if different from the subscriber's residential address;
 - 5. The subscribers date of birth;
 - 6. The last four digits of the subscriber's social security number, or the subscriber's Tribal identification number, if the subscriber is a member of a Tribal nation and does not have a social security number;
 - 7. If the subscriber is seeking to qualify for Lifeline under the program-based criteria, as set forth in § 54.409, the name of the qualifying assistance program from which the subscriber, his or her dependents, or his or her household receives benefits; and
 - 8. If the subscriber is seeking to qualify for Lifeline under the income-based criterion, as set forth in § 54.409, the number of individuals in his or her household.

- viii. Require each prospective subscriber to certify, under penalty of perjury, that:
 - 1. The subscriber meets the income-based or program-based eligibility criteria for receiving Lifeline, provided in § 54.409;
 - 2. The subscriber will notify the ETC within 30 days if for any reason he or she no longer satisfies the criteria for receiving Lifeline including, as relevant, if the subscriber no longer meets the income-based or program-based criteria for receiving Lifeline service, the subscriber is receiving more than one Lifeline benefit, or another member of the subscriber's household is receiving a Lifeline benefit.
 - 3. If the subscriber moves to a new address, he or she will provide that new address to the ETC within 30 days.
 - 4. The subscriber's household will receive only one Lifeline service and, to the best of his or her knowledge, the subscriber's household is not already receiving a Lifeline service.
 - 5. The information contained in the subscriber's certification form is true and correct to the best of his or her knowledge,
 - 6. The subscriber acknowledges that providing false or fraudulent information to receive Lifeline benefits is punishable by law; and
 - 7. The subscriber acknowledges that the subscriber may be required to re-certify his or her continued eligibility for Lifeline at any time, and the subscriber's failure to re-certify as to his or her continued eligibility will result in de-enrollment and the termination of the subscriber's Lifeline benefits pursuant to § 54.405(e)(4).
 - ix. We compared the ETC's subscriber eligibility criteria on the certification forms to the federal eligibility criteria listed in per 47 C.F.R. § 54.409.
 - x. We verified the subscriber completed all the required elements as identified in Objective III — 3 a. above, including signature and initialing/checkbox requirements contained in the certification form.
 - xi. We examined the subscriber's initial certification form to verify the initial certification form is dated prior to or on the same day as the Lifeline start date per the National Subscriber List.
- b) We reviewed the list of the data source or documentation the ETC reviewed to confirm the subscriber's eligibility. We verified the recorded data sources are eligible data sources per 47 C.F.R. § 54.410, such as (1) income or program eligibility databases, (2) income or program eligibility documentation, or (3) confirmation from a state administrator.

No exceptions noted.

OBJECTIVE IV: Annual Certifications and Recordkeeping by Eligible Telecommunications Carriers. To determine if ETCs have made and submitted to the Universal Service Administrative Company the required annual certifications, under penalty of perjury, relating to the Lifeline program by an officer of the company and maintained recordkeeping requirements.

Procedure 1

We inquired of management and obtained carrier policies and procedures for ensuring that the carrier has made and submitted the annual certifications required under sections 54.416 and 54.422 of the Commission's rules, as provided in Item 12, Appendix A of the Lifeline Biennial Audit Plan. We examined the policies and procedures and compared management responses and carrier policies and procedures with the Commission's Lifeline rules set forth in sections 54.416 and 54.522 (Appendix F).

No exceptions noted.

Procedure 2

We examined the ETC's Form 555 that was filed the January following the audit period. We verified the carrier made all of the following certifications. An officer of each ETC must certify that s/he understands the Commission's Lifeline rules and requirements and that the carrier:

- a. Has policies and procedures in place to ensure that its Lifeline subscribers are eligible to receive Lifeline services;
- b. Is in compliance with all federal Lifeline certification procedures; and
- c. In instances where an ETC confirms consumer eligibility by relying on income or eligibility databases, as defined in 47 C.F.R. § 54.410(b)(1)(i)(A) or (c)(1)(i)(A), the representative must attest annually as to what specific data sources the ETC used to confirm eligibility.

No exceptions noted.

Procedure 3

We examined the ETC's organizational chart provided in response to Item 5, Appendix A of the Lifeline Biennial Audit Plan. We verified that the certifying officer on the Form 555 is an officer per the organizational chart or other publicly available documents.

No exceptions noted.

Procedure 4

Verify that the subscriber count per the Form 555 agrees with the total subscriber count per the applicable Form 497. Note: *The Form 555 is completed by the carrier at the state level (not the study area level). If the carrier has two study areas in one state, the carrier must combine the results of both study areas and complete one Form 555 for that state.*

No exceptions noted.

Procedure 5

For the month of February, using the Recertification Sample, we reviewed the ETC's recertification results of the individual subscribers reported on the FCC Form 555 filed the January following the audit period, as provided in Item 9 of Appendix A of the Lifeline Biennial Audit Plan. We verified that the data reported on the FCC Form 555 agreed with the detailed recertification results.

No exceptions noted.

Procedure 6

Does not apply to the ETC.

Procedure 7

We reviewed the carrier's annual ETC certification, as provided in Item 13, Appendix A of the Lifeline Biennial Audit Plan. We verified that the ETC reported all the information and made all the certifications required by 47 C.F.R. § 54.422(a)(b).

No exceptions noted.

Procedure 8

We reviewed any supporting schedules related to the carrier's annual ETC certification, as provided in Item 13, Appendix A of the Lifeline Biennial Audit Plan. We verified that the data reported on the annual ETC certification agrees with the supporting schedules.

No exceptions noted.

Procedure 9

We inquired of management and obtained carrier policies and procedures for maintaining records that document compliance with the Lifeline program rules, as provided by the carrier in response to Item 4, Appendix A of the Lifeline Biennial Audit Plan. We examined the policies and procedures and compared the management responses and carrier policies with recordkeeping rules set forth in 47 C.F.R. § 54.417.

No exceptions noted.